

VERMONT ECONOMIC PROGRESS COUNCIL
MEETING MINUTES
OCTOBER 22, 2009
NATIONAL LIFE BUILDING, 6TH FLOOR
MONTPELIER, VT
9:30 A.M. TO 12:30 P.M.

Members Present: Karen Marshall, Mary Lintermann, Stephan Morse, Nancy Port, Carl Rosenquist, Betsy Gentile, Mark Young, Chris Keyser, Rachel Smith (arrived 9:45)

Staff: Fred Kenney, Jayna Jones

Others: Mathew Barewicz, EPRI; Frank Cioffi, Seth Bowden, GBIC; Marty Kulczyk, Hayward Tyler.

9:37 a.m. Karen Marshall called the meeting to order, noted for the record that the General Assembly has not yet designated members to the Council as required by Section 12 of Act 184 (2005; Effective April 1, 2009) and asked if there was any public comment.

Hearing none, Karen inquired on the Council's pleasure regarding the September 24, 2009 meeting minutes.

9:38 a.m. Carl Rosenquist made a motion to approve the September 24, 2009 meeting minutes. Betsy Gentile seconded and the motion carried 8-0-0.

9:39 a.m. Stephan Morse made a motion to enter Executive Session to discuss VEGI applications, citing Title 1, Section 313, and Subsection 6. Mary Lintermann seconded and the motion carried 8-0-0.

10:42 a.m. Mark Young made a motion to exit executive session. Mary Lintermann seconded and the motion carried 9-0-0.

10:42 a.m.

My Web Grocer, Inc., Final Application, Colchester

Mary Lintermann made a motion to approve a Final Application from My Web Grocer, Inc., giving final authorization of maximum incentives of up to \$453,475, with an estimated incentive of \$344,687 based on application data, citing a determination that the applicant met the But For and program guidelines and that the project will generate a minimum net revenue benefit of \$286,567. Stephan Morse seconded and the motion carried 9-0-0.

10:44 a.m.

Biocardel, EATI Performance Expectation Review; Tax years 2006 and 2007.

Carl Rosenquist made a motion to recommend to the Department of Taxes that the credits earned in 2006 and 2007 be allowed in full. Nancy Port seconded and the motion carried 9-0-0.

Fred reviewed the outcome of the Subsection 5 Authority discussion by the Council at the September 24, 2009 meeting. There was further discussion regarding how to refer to the authority, how to explain its use to various interest groups, what data would be provided by staff and in the cost-benefit reports, how staff would make recommendations on the use of the authority, and whether the Council would utilize the authority in conjunction with the Green VEGI enhancement.

11:10 a.m.

Mary Lintermann moved to adopt the following:

Due to the extraordinary economic situation facing Vermont, based on statutory authority and discussions by the VEPC Board on September 24 and October 22, the Council will proactively utilize the authority provided by 32 VSA §5930b(b)(5), which allows a greater level of incentives to be approved under certain circumstances and limited by a \$1,000,000 calendar year cap, as follows:

- This authority will be referred to as "Subsection 5 Authority"
- In accordance with session law (Section 11, Act 184, 2006), utilization of this authority is restricted to projects that will occur in labor market areas (LMA) that are determined by the Vermont Department of Labor to have greater than state average unemployment or below state average annual wages. According to the Department of Labor, for State fiscal year July 1, 2009 to June 30, 2010, this restriction eliminates projects to occur in the Burlington/South Burlington LMA.
- The utilization of this authority is also limited to \$1,000,000 per calendar year. The amount of incentive that will be counted against this cap is the difference

between the normal incentive calculation and the total incentive calculated using the Subsection 5 authority.

- In addition to the statutory limitations on the use of this authority, the Council will only consider utilizing this cap in situations where circumstances warrant such use.

Examples of such situations include, but are not limited to:

- Projects that result in the reopening or that avoid imminent closure of a business;
 - Projects that involve a critical business operation upon which a community relies for employment or tax revenue;
 - Projects that will provide employment in regions that are historically economically depressed or have higher than average unemployment and/or lower than average incomes;
 - Projects that are likely to be catalysts for business attraction and growth, or provide economic diversity to a region dependent on a single economic driver;
 - Projects that can demonstrate substantial in-state business-to-business interactivity; or
 - Projects that plan to utilize an existing facility that is currently underutilized or not being utilized.”
- The potential increase in incentive amount would be in addition to the Green VEGI enhancement provided by 32 VSA §5930b(g).
 - Each application cost-benefit report will include data on the increase in incentives and the change to the net fiscal impact, if the Subchapter 5 Authority were to be utilized (unless the project would occur in the restricted LMA).
 - Each application staff write-up will include information and data quantifying the criteria for the Council to consider, a summary of the incentive amount and net fiscal impact, a summary of the utilization of the annual cap, and a recommendation on whether, why and to what extent, the authority should be utilized.

Chris Keyser seconded and the motion carried 9-0-0.

Fred updated the Council on potential legislation for the coming session, TIF potential applicants, and the TIF workshop that was held on October 9.

The Council discussed the on-line application system and how information is provided to the Council members. Members requested that staff look into why it is taking so long for the memory sticks to arrive in the mail and that some paper copies of the application write-ups be provided at each meeting.

Mary Lintermann updated the council on the Commission for the Future of Economic Development process.

Karen requested that the Council meet during the first quarter of 2010, probably as a retreat day, to do strategic planning. Staff will research suitable dates and locations.

11:44 p.m.

Meeting Adjourned.

Minutes taken by Jayna Jones: October 22, 2009

Revised by Fred Kenney: October 26, 2009

Approved by the Board: December 17, 2009